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LeFevre's Challenge

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Robert LeFevre (1911–1986) was a leading intellectual force in the dissemination of libertarian ideas. An articulate man of great charm and elegant appearance, he possessed no formal academic credentials, having been obliged to leave college after only a few months in order to marry and support a family. He had a varied and unorthodox career—stage actor in Southern California, disk jockey and radio personality in Milwaukee, staff member of a religious cult in Los Angeles, real estate agent and later hotel owner in San Francisco, air corps officer in Europe during World War II, radio and TV newscaster in South Florida, and editorial writer for and then editor of a daily newspaper in Colorado Springs. He also served briefly as a speaker and organizer for various ephemeral right-wing groups, but by the time he moved to Colorado his orientation had become less conventionally conservative and more uncompromisingly individualist.

In 1956, LeFevre purchased a half-section of wooded acreage in the Rampart Range near Larkspur, using a small inheritance as the downpayment. On it were two barely habitable structures. With the aid of his wife, Loy, and a handful of women friends who contributed their earnings and spare-time labor in return for spartan board and lodging, he proceeded to build a rustic campus for an institution to teach libertarian principles. It was called the Freedom School, and began by offering noncredit summer courses in concentrated two-week shifts. He brought in well-known exponents of the free market to teach them, and did much of the teaching himself, while continuing for nearly a decade to hold down his newspaper job. Eventually, the program was expanded to offer courses at the campus throughout the year, as well as seminars sponsored by companies for their management-level employees at other locations. By 1968, the Freedom School had reached the point where it prepared to offer master's degrees; accordingly, it changed its name to Rampart College. At the same time, however, a decline in financial support necessitated

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the sale of the Colorado campus, and a move by the college to Southern California, where sporadic seminars were held until its closing. By then, LeFevre had resigned as president and ceased to be involved in its affairs.[1] After the demise of Rampart College, he continued to write and lecture.

LeFevre's thirty-three page article, "A Challenge to the Georgists," was published in 1965, in the second issue of the *Rampart Journal of Individualist Thought*,[2] a short-lived scholarly periodical he had founded in connection with the Freedom School. Robert Clancy, then director of the Henry George School of Social Science in New York City, responded with "A Challenge to Libertarians" in the next issue,[3] which also contained a brief response by LeFevre.[4]

There appears initially to be a good deal of common ground between LeFevre and George. Both championed freedom, a market economy, and free trade. Both opposed income taxes, excise taxes, and taxes on wealth in general. LeFevre had some understanding of George's program:

> He [the Georgist] favors a tax to be levied exclusively upon the value of land. And it is his contention that if such a tax could be relied upon, economic justice and prosperity would eventuate; no other taxes would be required; . . . and conceivably at this point the "war on poverty" would cease for want of an enemy to fight.[5]

And LeFevre was at least remotely aware of contemporaneous Georgist activity, for he quoted the stated principle of the Henry George School of New York:

> The community, by its presence and activity, gives rental values to land, therefore the rent of land belongs to the community and not to the landowners. Labor and capital, by their combined efforts, produce the goods of the community—known as wealth. This wealth belongs to the producers. Justice requires that the government, representing the community, collect the rent of land for community purposes and abolish the taxation of wealth.[6]

Yet LeFevre would have none of this. He stated:

> It is the purpose of this paper to challenge this principle and to demonstrate as clearly as possible that (1) the Henry George single-tax concept will not produce the benefits claimed; (2) no feasible method can be devised wherein the value of land can be determined by land rents; and

(3) instability followed by gross invasion of human rights would tread upon the heels of any general adherence to the Georgist panaceas.[7]

The scope of this chapter is limited to an examination of those arguments that LeFevre contributed to the criticism of Henry George that were new with LeFevre, or to which LeFevre contributed some novel feature. We will also confine ourselves to what LeFevre wrote in the two articles mentioned above.

LeFevre's Interpretation

LeFevre was not entirely univocal in the way he understood George's single-tax proposal. He derived his main interpretation primarily from the following passage from *Progress and Poverty*, which he quoted in a footnote:

> I do not propose either to purchase or to confiscate private property in land. The first would be unjust; the second, needless. Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call *their* land. Let them continue to call it *their* land. Let them buy and sell, and bequeath and devise it. We may safely leave them the shell, if we take the kernel. It is not necessary to confiscate land; it is only necessary to confiscate rent. . . . We already take some rent in taxation. We have only to make some changes in our modes of taxation to take it all. . . . In this way the state may become the universal landlord without calling herself so, and without assuming a single new function. The form, the ownership of land would remain just as now. No owner of land need be dispossessed, and no restriction need be placed upon the amount of land anyone could hold. For, rent being taken by the state in taxes, land, no matter in whose name it stood, or in what parcels it was held, would be really common property, and every member of the community would participate in the advantages of ownership.[8]

Ignoring George's metaphor of the kernel and the shell, and George's insistence that the state would not assume a single new function, LeFevre fixed his attention on the single clause "the state may become the universal landlord." LeFevre developed what he thought this implied: "They [Georgists] see a society in which land is never to be privately owned."[9] "The land remains in the ownership of the state, or of that committee, group, or agency empowered to own the land and presumably endowed with the ability to assess the land on the basis of its value."[10] "The individual who today owns rental property would be prevented by law from collecting rents."[11] "The device which is presumed to maximize distribution for use only, and to prevent land speculation, is the device of central ownership of land. The state becomes the landlord, entering into contractual agreements with individuals or groups of individuals (firms) who will agree to put the land into use."[12]

This misinterpretation was not new with LeFevre. Its pedigree goes back at least to Laveleye. (See the chapters on Laveleye; Walker; and Ingalls, Hanson, and Tucker in this book.) But LeFevre did draw two consequences from it that are worth remarking.

First, LeFevre reasoned that if the state is to be the universal landlord, then uses of land that involve subleasing, which would include "hotels, rooming houses, guest houses, motels, apartment houses, tenant farms, and so on (wherever rent could be collected) would all either become the monopolies of the state, owned and controlled by the state, or any such type of business venture would be eliminated."[13] Thus either the role of the state would increase dramatically or the types of commerce allowed would be severely curtailed.

Clancy responded to this argument appropriately:

> As for those businesses which depend on subleasing, Mr. LeFevre is here confusing precisely the two things that the single tax separates—the land, and the improvements on land. Apartment houses, hotels, and motels are improvements, and they can certainly be built and leased by private enterprise with our blessings. The returns for capital investment (economic interest, not rent) and for services (wages) will go as they should, to the persons making available the capital and service—completely untaxed. That part which represents the rent of land is to be turned over in taxes to the community.[14]

Second, LeFevre claimed "that the system advocated by George would invariably follow conquest. The conqueror of a territory would, by conquest, have gained control of all land. It would be to his advantage to distribute the land to producers and at the same time retain control of it. This would result in something similar to the feudal system of land distribution."[15] Of course the historical record supplies ample refutation of this claim. Nonetheless, LeFevre concluded that "there is a kind of harmony between conquest and the Georgist system of land management."[16] This imagined harmony would become important to LeFevre later.

LeFevre's misinterpretation pervades almost his entire analysis of George, but at times he seemed to back off from this misinterpretation. For example, in his rebuttal to Clancy he said:

> Mr. Clancy contends that George did not propose that the state would dictate the use of land or fix the value of land. I did not quote him as so stating. Rather, I pointed out that if the state can set the land rental values, by means of taxation, this alone *will*, in practice, determine land use and will fix the value of land.[17]

Clearly the question of what *effect* land-value taxation will have is not a matter of interpretation; it is a question of economics. And LeFevre did go on to give a number of economic arguments regarding the effect of land-value taxation that either do not depend on his misinterpretation of George, or can be abstracted from it. We turn now to an examination of LeFevre's economic arguments.

The Transitional Problem

LeFevre correctly observed that land-value taxation would reduce the price of land and remarked that "if land values fall to zero, those who have invested in land lose their investment."[18] "This would induce wide-scale poverty among the thrifty who have invested their savings in land."[19]

But what this argument indicates is at most a transitional problem. After the single tax has been fully implemented, the purchase price of land would be negligible so there would be little or no investment in land to lose. Prior critics, notably Alfred Marshall, had noticed the transitional problem, and it has been fully examined elsewhere in the present work.

Still following Marshall in spirit, LeFevre amplified his treatment of the transitional problem by imagining the example of a retired couple who have invested their life savings in "land." They are too feeble to work at physical chores, but they can manage their "rental properties." But LeFevre added a new twist by pointing out that such an investment would typically yield them a higher return than they could obtain "were the same sums to be invested in stocks, bonds, or other securities."[20] LeFevre concluded that a rather numerous class of people would be thus devastated by the implementation of the single tax.

But this example, particularly with LeFevre's new twist, does not help his argument. The higher rate of return that the elderly couple realize is not a return on their investment at all. It is wages of management. Additionally, one cannot help but get the impression that these "rental properties" are not bare land, but also include significant amounts of capital. This is because bare land hardly needs "management." It is the dwelling units, not the land, that need management in the case of rental property like apartment houses, for example. Even in the case of farmland, what needs to be managed is what and when to plant, maintenance of fences, tiling and terracing, and barns and sheds, whether and what fertilizers and pesticides to apply, etc. and these are all improvements—capital, not land. But George argued that wages and interest would rise under the single-tax system,[21] a contention that LeFevre never disputed. So the new twist that LeFevre put on the old argument does not help his case.

Although LeFevre never directly addressed the issues of wages and interest in his critique, he did challenge the Georgist view on land speculation and use. The Georgist argument that wages and interest would rise under the single-tax system depends partly on the contention that the single tax would discourage land speculation and encourage better land use. We therefore turn to what LeFevre had to say about land use and speculation.

Concentration of Land

LeFevre thought that the single tax would lead to a concentration of land in the hands of a few and would not discourage land speculation. He argued:

> It should be seen at once that if land use is to be absolutely at the discretion of the contracting party, then the Georgist theory will have only this result. The taxes (land value rents) paid to the state would enormously increase, thus impairing the willingness of many people to try to become original contractors for land. But speculation would continue, and, indeed, on the basis of the newly invoked land scarcity, it could be expected to increase. The long-range result could be expected to produce a new class

> of land holders who, while not actually owning the land, would in all respects be a privileged land-holding aristocracy. Since only the very affluent could attempt such holdings, it is reasonable to assume that land holdings would become consolidated into huge estates, each reserved for its own special kind of use. The very evils which George presumed to wipe out with his theory would be extended.[22]

LeFevre did not indicate why he thought that if fewer people tried to acquire land it would become more scarce and speculation would increase, but his argument for greater concentration seems to be: (1) Under the Georgist system the tax on land would be "enormously" higher than it is now. (2) Consequently only the very affluent could afford to acquire land. (3) Therefore land will become concentrated in the hands of a few holders, "a privileged land-holding aristocracy." LeFevre was concerned in the previous argument that the price of land would drop to zero. But here he claims that the single tax would make land so expensive that only the super rich could afford it. So what effect would land-value taxation really have on the affordability of land?

It would have three effects. (1) It would eliminate any speculative premium: that portion of its present price that is based on the expectation that its price will go higher in the future. The elimination of this speculative premium would make land more affordable. (2) Land-value taxation is capitalized (negatively of course because it is a tax) rather than shifted. Hence when land-value taxation is fully implemented the price of land goes to zero and stays at zero. This is the cause of the first effect but should not be confused with it. Furthermore, this second effect in itself neither increases nor decreases the affordability of land. Paying the tax would be the economic equivalent of paying the interest on what, without land-value taxation, one would need to borrow to buy the land. If everyone had sufficient credit the affordability would be the same. Because not everyone has sufficient credit, land-value taxation would actually remove an obstacle to the acquisition of land. (3) With better use of the most valuable land, the margin of production would contract, raising wages and reducing rent. But some of the relocations of economic activity to more advantageous sites could result in a more efficient clustering of businesses in some of the best locations, raising rent there. In any case, these shifts in usage should have no effect on the affordability of land for those who use it optimally, because any rise in taxes would only absorb increases in rental value and leave wages and interest at their new, higher, level. So land-value taxation does not make land less affordable.

LeFevre apparently did not make up his mind on whether a tax on land is shifted or capitalized. There are two other passages in which he seemed to indicate that he thought it would be shifted. "The man who owns land and rents it to another includes, in the rent he charges, the amount of the taxes he expects to pay. Thus, the user of the land actually pays the taxes in any case."[23] "It should also be remembered that the Georgist theory does not suppose that existing rentals would be eliminated and the present tenant simply required to pay existing taxes. On the contrary, existing rentals, plus the taxes, plus whatever increase the state deemed feasible and correct (on the basis of rental bidding) would be assessed against each user of the land."[24] LeFevre correctly observed that the tenant would ultimately pay the land-value tax in the sense that the tax comes out of rent and the tenant pays the rent. But from this fact he apparently inferred that the tenant would pay *more* than he now pays: what he now pays in rent *plus* the land-value tax. This inference assumes that the owner, against whom the land-value tax is assessed, could raise the rent to cover the new tax and still leave himself with the same net revenue as before. But he could not raise the rent at all, because the imposition of a land-value tax would neither decrease the amount of land available nor increase the demand for it.

Land-Value Taxation and Development

LeFevre gave three economic arguments that purported to show that land-value taxation would inhibit development. First, LeFevre argued that land-value taxation would discourage development because it would increase the risk of the developer losing his investment.

> With the state as landlord, the profit motive respecting the development of land, while not eliminated, would be thwarted and twisted. It is implicit in the Georgist proposal that the more the land is developed, and the

> larger the populations depending on its output, the larger the value it has. The larger the value is presumed to be, the larger the land rent will become. Assuming that the state would abide by its contract and not increase rents during an existing contract, the fact would emerge that with each passing month and year the leasehold decreases in value.[25]

Here LeFevre anticipated a phenomenon that could occur, but he did not understand it. Removing the remnants of LeFevre's misinterpretation, consider land-value taxation in a region where land values are rising and reassessment is done infrequently but at predictable intervals. In such a case it is likely that land-value taxation would not capture all the rent all of the time, so the land would have a non-negligible selling price at all times. But the rent that is left to the landholder would not be at a constant level. It would be near zero just after each reassessment and then rise to a peak just before the next assessment. The price of the land would also not be constant, because, with a cyclically fluctuating income stream, it matters whether one can expect a valley first and then a peak, or a peak first and then a valley. And the price would begin to decline *before* each reassessment, in anticipation of the next valley. LeFevre saw this minor temporary downward adjustment in the price of land, due to the anticipation of a sudden predictable but temporary drop in an income stream, and thought someone was at risk of losing an investment.

But he went on: "This would be especially true were the land to be improved. If the contracting party enhances the value of his land holdings by investing money in improvements, he finds that each additional dollar invested increases the likelihood of an increased rent at the time his contract expires."[26] Here he was just mixed up. Either he thought that George was proposing a tax on both land and improvements, or that the improvements on each parcel significantly increased the value of that particular parcel. But neither is the case. At any particular time, the land-value tax on an improved parcel would be equal to the tax levied on a similarly situated parcel that is unimproved, so it cannot discourage development in the way LeFevre thought.

LeFevre went on in this fashion for two paragraphs and then concluded his argument with the following remarkable passage:

> In the event of an eviction occasioned either by the expiration of the lease or the increase in land rent, or both, the occupant would be able to take with him only those things which are portable. Certain types of land improvement would thus become highly risky and extravagant; for example, sewer systems, underground wiring, underground development of water resources. Additionally, structures built on the land would tend to become flimsy and portable rather than solid and fixed. Dwellings would tend toward prefabrication, toward a maximization of sheet material and the elimination of brick and masonry work. Landscaping, the planting of trees and flowers, the installation of walks and driveways, and other appurtenances which become a part of the land itself, would become risky investments.[27]

So according to LeFevre, under a full implementation of the Georgist system we would face the distressing prospect that all future development would be wigwams and port-a-potties.

But taking one's improvements with one is not the only alternative to staying put and paying higher taxes as the value of one's location rises. One could sell one's property without losing the cost of one's investment in improvements if the improvements were appropriate to the location and of the sort for which there is demand. A tax on land values would not interfere with the incentive, which already exists, to build what there will be a demand for in the future, nor would it interfere with the risk that the improvements one builds might not be in demand in the future. And an advocate of the market, as LeFevre claimed to be, could hardly object to this prospect of risk/reward.

Second, LeFevre pointed out that the use of planning and zoning and eminent domain undermine "the supposed 'security' of the individual occupant of land."[28] In doing so, they introduce an element of uncertainty that discourages full development of land. He claimed further that the prospect of an increase in land value taxation, which would of course occur if rent increased, would similarly deter development.[29] While LeFevre is certainly correct that the prospect of eminent domain deters development, the prospect of an increase in land-value taxation should not have such an effect, because the increase would occur equally on undeveloped, under developed, and fully developed sites.

Finally, LeFevre sought to prove that the elimination of existing taxes on land would tend "to put land into its most fruitful and profitable use."[30] His premises are, first, that "the person seeking profits and willing to expend capital in order to ultimately obtain profits is in the best position to know and to develop land to its highest utility," and, second, that "he cannot afford to do otherwise."[31] LeFevre has given a good reason why the possession and development of land should be left to private entrepreneurs, not that the rent should also be left to them. Without land-value taxation it is sometimes more profitable to hold land for a future rise in its price than it is to develop it optimally.

Speculation

LeFevre attacked George's concern about land speculation in three stages. First, he claimed that "every commercial enterprise is speculative in character."[32] Second, he tried to show that speculation in land is just like speculation in anything else. Third, he contended that the land speculator "prevents prices [of land] from falling to zero."[33] We will consider his arguments for these positions in that order.

His favorite example of a commercial enterprise seemed to be the retailing of refrigerators. He gave three reasons why the retailing of refrigerators is speculative in character. Retailers depend on selling at a higher price than they pay. Retailers maintain inventories. Retailers assume some risk that their stock may not in fact sell at a higher price than they have paid. Let us examine the retailing of refrigerators to see if these three features actually make it speculative in character.

Retailers do indeed buy refrigerators wholesale and sell them at a higher retail price. They also maintain stores at visible and accessible locations where there is sufficient parking for their customers. They have showrooms where they keep floor models of refrigerators and employ sales people so that their customers can choose the refrigerators with the size and features that will best meet their needs. They employ delivery men who install the refrigerator and put it into service in the buyer's home. All of this is the application of labor and capital to land. It is production, not speculation.[34] The difference between the wholesale price at which the dealer buys refrigerators and the retail price at which he sells them is not a speculative premium. It is his and his employees' wages, interest on his capital, and rent on the location of his store.

But what of the retailer's inventory? Is he speculating on that? Generally speaking, no. The difference is in the way the retailer manages his inventory. A speculator buys in quantity when demand for the commodity he is speculating on is low, withholds it from the market, and brings it back onto the market when it is scarce and the demand for it is high. Those refrigerator retailers who stay in business manage their inventories very differently. They constantly monitor sales, and such indicators as housing starts, so as to have just enough refrigerators on hand to serve their customers. They buy fewer refrigerators, not more, when demand is low, and more, not fewer, when demand is high. When their estimates miss their target, and demand is slower than expected, they most emphatically do not withhold their excess inventory from sale as a speculator would. Even if the price of refrigerators in general goes up in the future, the price of those refrigerators that the retailer has on hand now is not likely to go up. New features and materials will be introduced and consumer tastes in color and style will change. The refrigerators the retailer has on hand now will be obsolete in the future. Far from speculating on a price rise when demand picks up in the future, our retailer will put his overstock on sale when demand is weak. Indeed, one of the best indicators of whether a retail enterprise will be successful is "inventory turns per year," which is sales revenue during the year divided by the average cost of inventory on hand during that period. Clearly any withholding of merchandise off the market, unavailable for immediate sale, would reduce inventory turns.

What of the risk involved in retailing refrigerators? Does that mean the retailer is a speculator? No. Risk is a fact of life. One assumes a risk every time one crosses the street. Risk alone is not an indication of speculation. Not every commercial enterprise is speculative in character.

Stage two of LeFevre's argument is to try to show that speculation in land is just like speculation in anything else. He pointed out that all speculators seek to buy when prices are low and sell when prices are high. In doing so they prevent prices from going lower still or from going higher still. This has the beneficial effect of moderating swings in the market.[35]

This is, of course, true. However, because land is fixed in quantity and is not humanly produced, withholding land from the market speculatively can only create an artificial shortage. Purchasing it when it is cheap and keeping it out of use does not mean that there will be more of it at some later time than there otherwise would have been. The amount of land that exists is constant.

LeFevre admitted that this point has "some validity."[36] But he countered with examples such as the Dutch reclamation of land from the sea, the building of Mexico City over a lake, and the fanciful possibility of constructing large floating earthen islands.[37] But the land the Dutch have reclaimed from the sea is not newly created land but just pre-existing land improved for further development, just as the swampy field that the farmer has made arable by tiling is not newly created land. Should floating earthen islands be constructed, they would not be land at all in the economic sense because they are humanly produced. The fact that they are made partly of dirt is irrelevant. Adobe houses are not land either.

The third and final stage in LeFevre's attack on George's strictures concerning land speculation was to contend that the land speculator "prevents prices [of land] from falling to zero."[38] This is just false. Without any land-value tax, even if there were no speculative premium on the price of land, the difference in productivity between the best land and marginal land would be capitalized into a nonzero price. And if there were a tax of 100 percent of the rental value on land, the price of land would drop to zero even if someone were so foolish as to buy some and speculatively withhold it from its best use.

Land Assessment

LeFevre claimed that land cannot be assessed fairly. To support this contention he sought to undermine the idea that there is an objective basis for the value of land. First he claimed that "the value attributed to any item relates to individual desire for that item and not to the labor that has been expended in producing it."[39] But this is irrelevant because no one, no matter what his theory of value were, would suggest that land should be assessed by measuring the labor expended in producing it. Land is not produced by human labor.

LeFevre then distinguished between value and price in the following way:

> In actual fact, value is an abstract, subjective, terminal supposition, whereas the prices by means of which land privately owned is conveyed are determined by the conflicting forces of supply and demand working between freely bargaining agents. Thus, the value (or the tax) attached to any piece of land is invariably an arbitrary and subjective finding, whereas the pricing by means of which conveyances occur results from an objective finding in which competing forces reach, at a given moment, a point of voluntary agreement.
>
> Understanding of this point reveals that value and price are not only not a part of the same process, one being subjective, the other objective, they are not even related.[40]

But a paragraph later, value and price are part of the same process, and they are related in the following way: "The seller would value the money or goods he receives for his property at a level higher than the property he conveys. Contrariwise, the buyer would value the property he obtains at a level higher than the money or goods he exchanges for the property."[41] This distinction is also irrelevant because what most economists are referring to when they speak of value is not the subjective gleam in eye of the beholder, which Lefevre calls "value," but market value, what Lefevre calls "price." True, economists of the Austrian School maintain that value is subjective, but subjective valuations are reflected objectively in market prices, and this applies to land just as it does to everything else.

Lefevre then gave two reasons why price could not be assessed fairly. One, such assessment "requires an arbitrary decision, provided . . . on the basis of past pricing (which will probably never again hold true)."[42] Two, assessment depends on "the subjective judgment of the assessor, who knows less of the utility of the property and its presumed market pricing potential than either the last seller, the present owner, or any future buyer."[43]

But these objections are entirely superficial. To base assessment on observation of actual market transactions is neither arbitrary nor subjective. The fact that prices change merely means that re-appraisal should be done frequently. The fact that the appraiser is not a seller, owner, or buyer does not prevent him from objectively observing the relevant prices in the market place. Prospective buyers and sellers also base their offers and counter-offers at least in part by comparison with other market transactions.

Furthermore, if LeFevre's objections to assessment were cogent then they would apply to every class of objects. But in fact all manner of things from diamonds to vintage baseball cards are appraised with sufficient connection and objectivity for practical purposes, such as insurance. Of course LeFevre might have welcomed the implication that nothing can be appraised fairly, because he claimed "all taxation, however it is levied, is an exaction taken by force from the rightful owner of property, real or otherwise."[44] So for LeFevre, if nothing can be appraised fairly, so much the better!

Land and Wealth

Because LeFevre opposed all taxes, he was heartened by George's insistence that wealth should not be taxed. But of course he was disappointed that George would exclude land from the category of wealth and therefore leave it open to taxation. LeFevre therefore gave two arguments that purport to show that land really is wealth and therefore, to be consistent, George should not have advocated taxing it.

LeFevre's first argument must be quoted:

> If land is the "source of wealth," a Georgist contention, then wealth derives from land. If wealth derives from land, it must be that land has some relationship to wealth. George assumes that it is man's labor applied to land that provides wealth and creates value. If man's labor occurred (in some fanciful manner) removed from the land, then he might be forgiven for contending that land is not wealth, nor in that case could it be the source of wealth, IF labor created wealth. Wealth does not come out of nothing. It certainly does not emerge from labor removed from land. Wealth emerges from land because wealth must come out of something and not out of nothing. Land is wealth and wealth is land.[45]

The mind boggles.

LeFevre's second argument is more revealing. He observed that George sought a more equal (or equitable) distribution of wealth.

"But the only point wherein his theory is to be applied relates to the unequal distribution of land."[46] Yet, LeFevre reasoned, if one is to achieve a more equal distribution of wealth by removing only the inequality in the distribution of land, then land must itself be wealth. So LeFevre concluded that George's "entire theory is predicated upon the assumption that land is wealth. His theory speaks louder than his definition."[47] But for LeFevre to convict George of tacitly admitting that land is wealth on these grounds, is to assume that the only way to achieve a more equal or equitable distribution of wealth is to redistribute wealth, an assumption that socialists often make. To the contrary, George sought to remove special privileges, private appropriation of rent being the chief one, and then let the market take care of equity in the distribution of wealth. "I do not mean that each individual would get the same amount of wealth. That would not be equal distribution, so long as different individuals have different powers and different desires. But I mean that wealth would be distributed in accordance with the degree in which the industry, skill, knowledge, or prudence of each contributed to the common stock."[48] Had LeFevre noticed this passage he might have taken a very different view of George.

LeFevre's Theory of Ownership

LeFevre preceded his statement of his own theory of ownership with a confused passage ostensibly concerning "the labor theory of ownership."[49] He started this section with the accusation that "perhaps the most fundamental fallacy of the Georgist theory relates to the supposition that the value of anything derives from the element of human labor which is 'mixed' with the product."[50] But this is the labor theory of value, which George did not hold,[51] not the labor theory of ownership. Moreover, the metaphor of mixing one's labor "with the raw materials nature has provided"[52] comes from John Locke, as LeFevre knew. In fact LeFevre quoted a passage in which Locke argued that every person owns himself; therefore every person owns his labor; therefore every person owns whatever he has mixed his labor with, subject to the proviso that there be "enough, and as good left in common for others." George also derived property rights from selfownership, but without relying on the metaphor of mixing one's labor with nature, which LeFevre seemed to find objectionable. George observed that wealth is produced by labor and otherwise not produced at all. "Hence, as nature gives only to labor, the exertion of labor in production is the only title to exclusive possession."[53]

LeFevre stated his own theory of ownership, which he called "the rule of first claimant," by means of a long, elaborate narrative. The gist of it is this. "Historically, all property, including the property of land, comes into ownership through the establishment of claim."[54] Claims can be established in a variety of ways, some of which involve conquest, others not. The most practical way to establish a claim without conquest is "the establishment of visible or easily identifiable boundaries and public notification."[55] "When an item to be owned is unclaimed, the first person to establish a claim becomes the justifiable owner."[56] LeFevre called this the rule of first claimant. He contrasted it with his misinterpretation of George. "If we were to rely on conquest exclusively, then government could seize the land and, instead of deeding it to private persons, could hold it as the universal landlord; thus, both the theory of conquest and of Henry George would be satisfied."[57]

The rule of first claimant is very similar to the theory of first occupancy, which George refuted in *Progress and Poverty*,[58] and that other critics had previously tried to resuscitate against George. (In particular, see the chapters in this book on Cathrein, Carver, and Ryan.) Three points need to be made.

First, the rule of first claimant appears to be more general than the theory of first occupancy because many of the products that we seem to own are things that could be claimed but not occupied. In fact these items that might be claimed, but not occupied, would generally be a subset of labor products, so this increase in generality could be important. LeFevre applied his view to labor products.

> Many a man will labor to produce something. His labor may entail long hours and much devotion. But when the item for which he labored stands ready before him, he may find it wholly unworthy of his esteem and affection. He will, in this case, DISCLAIM it. He may have created it. But he does not own it because he DISOWNS it. Thus, possessive desire may lead to labor and to ownership. But it is the emotional tie the man retains

> with what he owns that causes him to continue as the owner. His labor is of less duration than this emotion, in most cases.[59]

The labor theorist can grant all of this. The question is what would justify a claim of ownership, should someone make one. Even disowning something suggests that the person disowning it had some prior justification to own it, or his disowning would be an empty gesture. To say that the claim justifies ownership would suggest that if I were to tour the Ford assembly plant in Dearborn, MI, and claim a brand new Focus just before Ford claimed it, then it would be rightly mine. But this is ludicrous. So LeFevre achieves greater generality only by sacrificing plausibility.

Second, being first to claim something, rather than to occupy it, does not escape the objections to the first occupancy theory that George had already given in *Progress and Poverty*. The rule of first claimant and the theory of first occupancy both derive whatever plausibility they might have from the fact that unowned land, which one could be *first* to claim or occupy, is generally at or beyond the margin, and is no-rent land. The rule of first claimant is as incapable as the theory of first occupancy to justify any entitlement on the part of the first claimant (or occupant) to future rent, as a community grows around the site that was claimed (or occupied). Unfortunately, LeFevre took no notice of George's objections to the theory of first occupancy and refused to consider the issue of rent apart from use and control of land.

Finally, it is worth pointing out that the rule of first claimant is subject to an objection to which the theory of first occupancy is immune. This is because people really have claimed other people, as in the practice of slavery, whereas a person is not the kind of thing that can be occupied by another person in the way land or buildings can be occupied. LeFevre was sensitive to the fact that one might attempt to use the rule of first claimant to justify slavery, and he defended his rule against this charge in the following way:

> It appears at once that man's ownership of slaves, spouses, and children is, in each case, an act of conquest. No man may justifiably own any other human being, although he may have a contractual interest in the services of human beings. To seek to own another human being is to seek

> to super-impose a claim over the primary claim each individual has over himself.[60]

But to salvage the rule of first claimant in this fashion is implicitly to give it up in favor of the labor theory of ownership, as Clancy pointed out:

> What about the reduction of slaves to ownership? Mr. LeFevre says (p. 52): "To seek to own another human being is to seek to superimpose a claim over *the primary claim each individual has over himself*" (italics mine). He here gives away the case. It is on this principle that a man belongs to himself that the produce of his labor belongs to him—the same principle of John Locke's that Mr. LeFevre had set out to refute! What is the essence of slavery but taking away the produce of the slave?[61]

So LeFevre's rule of first claimant has no plausible advantage over the theory of first occupancy, it is subject to the same fundamental weakness, and it has a further drawback from which to defend it is to give it up in favor of the labor theory of ownership.

Conclusion

There are two things that struck this writer about LeFevre's critique of George. One of them is how far astray a critic can be led by making just a few simple mistakes. The misinterpretation whereby the single tax is taken to imply state control of land, the vacillation over whether a land-value tax is capitalized or shifted, and the repeated blindness to the role of production in the economy are the chief mistakes. Had he taken the time to discuss his concerns informally with a knowledgeable and congenial Georgist, we might have seen a very different critique. This should not have been difficult for him to do, since Frank Chodorov, once director of the Henry George School, and a committed Georgist until the day he died, was a frequent lecturer at the Freedom School.

The second thing that struck this writer is that LeFevre never explicitly argued against the Georgist view that the rental value of land is a by-product of the presence and activity of the community, and not attributable to any contribution that landholders make in their capacity as landholders. Therefore rent can be collected by the community without "predation." LeFevre clearly did not believe this, and obviously assumed the contrary throughout his critique, but he never offered a direct argument against it. Perhaps in his heart he knew he did not have one.

Notes

1. See LeFevre's posthumously published two-volume autobiography, *A Way to be Free* (Culver City, CA: Pulpless.Com. Inc., 1999). I thank the editor of the present book for writing the first two paragraphs of this chapter, and for his counsel on the remainder.

2. Robert LeFevre, "A Challenge to the Georgists," *Rampart Journal of Individualist Thought* Vol. I, No. 2 (Summer 1965): 25–58.

3. Robert Clancy, "A Challenge to Libertarians," *Rampart Journal of Individualist Thought* Vol. I, No. 3 (Fall, 1965): 9–15.

4. Robert LeFevre, "On the Other Hand," *Rampart Journal of Individualist Thought* Vol. I, No. 3 (Fall, 1965): 95–99.

5. LeFevre, "A Challenge," p. 27.

6. Ibid., p. 30.

7. Ibid.

8. Ibid., pp. 28–29. I quote from LeFevre's footnote 5. *Progress and Poverty* is actually slightly misquoted in it but the differences are of no consequence. See Henry George, *Progress and Poverty* (centenary ed.; New York: Robert Schalkenbach Foundation, 1979), pp. 405–06.

9. LeFevre, "A Challenge," p. 27.

10. Ibid., p. 28.

11. Ibid., pp. 28–29.

12. Ibid., pp. 32–33.

13. Ibid., p. 33.

14. Clancy, "A Challenge to Libertarians," p. 11.

15. LeFevre, "A Challenge," p. 31.

16. Ibid., p. 32.

17. LeFevre, "On the Other Hand," p. 96.

18. Ibid., p. 97.

19. LeFevre, "A Challenge," p. 29.

20. Ibid., p. 43.

21. The argument that wages would rise runs throughout *Progress and Poverty* and is summarized nicely on page 442. The argument that interest would rise or fall with wages is on pages 198–99.

22. LeFevre, "A Challenge," p. 34.

23. Ibid., p. 39.

24. Ibid., p. 43.

25. Ibid., pp. 39–40.

26. Ibid., p. 40.
27. Ibid.
28. Ibid., pp. 41–42.
29. Ibid., p. 44.
30. Ibid., p. 47.
31. Ibid.
32. Ibid., p. 35.
33. Ibid., p. 37.
34. See George on this subject. George, *Progress and Poverty*, p. 66.
35. LeFevre, "A Challenge," pp. 36–37.
36. Ibid., p. 36.
37. Ibid.
38. Ibid., p. 37.
39. Ibid., p. 57.
40. Ibid., p. 38.
41. Ibid.
42. Ibid.
43. Ibid., pp. 38–39.
44. Ibid., p. 41.
45. Ibid., p. 56.
46. Ibid.
47. Ibid.
48. George, *Progress and Poverty*, pp. 452–53.
49. LeFevre, "A Challenge," p. 49.
50. Ibid.
51. Henry George, *The Science of Political Economy* (New York: Doubleday & McClure Co., 1898), p. 261.
52. LeFevre, "A Challenge," p. 49.
53. George, *Progress and Poverty*, p. 336.
54. LeFevre, "A Challenge," p. 50.
55. Ibid., p. 51.
56. Ibid., p. 52.
57. Ibid., p. 51.
58. George, *Progress and Poverty*, pp. 344–46.
59. LeFevre, "A Challenge," p. 51.
60. Ibid., p. 52.
61. Clancy, "A Challenge to Libertarians," p. 14.